

March 2000

## Mark Your Calendar!

The 2000  
**MOSTARS**  
Default Prevention  
and Debt  
Management  
Conference  
is scheduled for  
April 26 - 27 at the  
Holiday Inn Select in  
Columbia, Mo.



Missouri Student Assistance Resource Services

MOSTARS is a division of the Missouri Department of Higher Education

## 2000 Default Prevention and Debt Management Conference

**M**OSTARS will hold its third annual Default Prevention and Debt Management Conference April 26-27 at the Holiday Inn Select in Columbia, Mo. MOSTARS normally holds the conference in June, but attendees at the fall MASFAP conference requested it be held in mid- to late April, when the student loan community is not as busy.

The conference theme is "Do the Smart Thing." This message applies to students, who must make smart decisions regarding their choice of institution, program of study and financing options. It also applies to borrowers, who should make smart choices when determining the amount of money they request as well as understand their responsibilities to repay student loans. The motto also applies to high schools, postsecondary institutions and student loan lenders, servicers

and secondary markets; they too can make smart choices about default prevention activities.

There is no fee for the conference. However, attendees will need to make their own hotel and travel arrangements. The Holiday Inn Select is holding a block of single and double rooms at a rate of \$72.95 plus tax. Rooms will be held under the name "MOSTARS" until April 4, so make your reservations now by calling the hotel at (573) 445-8531.

If you do not receive your registration materials by mid-March, contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. You also can e-mail your request for materials to [ccutshal@admin.mocbhe.gov](mailto:ccutshal@admin.mocbhe.gov). ★

### MOSTARS News

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### In this issue

Veteran's Benefits, e\*CLIPS, Reinstatement ..... 2-3

MOSTARS Offers New Default Aversion, Prevention Services ..... 3

2000 Default Prevention and Debt Management Conference Tentative Agenda ..... 4

USDE Offers Reauthorization Training Workshops ..... 4

A+ Schools Program Opens New Doors to Higher Education ..... 5

Information for Financial Aid Professionals: Web Site Has New Look ..... 5

MSLP Removes Reject Code 33 ..... 6

Missouri Loan Rehabilitation Program Update ..... 6

Eligible Lender List Changes ..... 7

ATOM Implements MPN Procedural Change ..... 7

Staff News ..... 7

2000-01 State Student Financial Assistance Program Application Process Begins ..... 8

See Tentative Agenda, page 4



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This portion of the **MOSTARS** newsletter includes questions and answers regarding various topics brought to our attention by MOSTARS clients.

If you happen to see one of your questions published, give yourself a pat on the back for asking a question that may benefit other clients.

In addition, if you think there is a need for a published clarification on a particular topic, contact the **MOSTARS Information Center at (800) 473-6757 or (573) 751-3940** to discuss the topic. We may include the question in future issues of **MOSTARS**. ★

**How did the 1998 reauthorization of the Higher Education Act change the way veterans' benefits are considered in calculating eligibility for subsidized and unsubsidized Stafford Loans?**

**V**eterans' educational benefits under chapter 30 of title 38 of the United States Code (Montgomery GI Bill — Active Duty) and Americorps benefits are excluded from estimated financial assistance when considering the student's subsidized Federal Stafford Loan eligibility. When calculating unsubsidized Federal Stafford Loan eligibility, these veterans' educational benefits are included. Any other types of veterans' benefits are treated the way they were prior to reauthorization — as resources when calculating loan eligibility.

Source: Federal Register, Nov. 1, 1999, 682.200 (b) Estimated Financial Assistance (2) (ii)

**What is the earliest time a client can dial in and get CLIPS for Windows or e\*CLIPS response files? What is the latest time they can transmit CLIPS for Windows files?**

**T**he CLIPS for Windows hours for Missouri Student Loan Program clients to send and receive files and for e\*CLIPS users to view and submit are from 7 a.m. to 6:45 p.m. central time.

**Do I need to use encryption software such as AT&T Secret Agent when using e\*CLIPS for loan application processing?**

**N**o. The user does not need to utilize encryption software when using e\*CLIPS. Built into the e\*CLIPS product is 128-bit encryption software that will secure files being submitted for processing.

If you have questions, contact your client service representative or Keith Broadus at (573) 526-0876.

**How does a defaulted borrower apply for reinstatement of financial aid eligibility?**

**A**fter making six full, on-time, consecutive, voluntary, monthly payments, defaulted MSLP borrowers can request reinstatement of financial aid eligibility in writing. The MSLP will review the payment terms and the recent payment history before generating a reinstatement letter. If the borrower has failed to make satisfactory payments, the MSLP will send a denial letter.

Written requests should be mailed to the Missouri Student Loan Program, 3515 Amazonas Dr., Jefferson City, MO 65109, or may be faxed to the MSLP at (573) 751-6635.

## How often must a reinstatement letter be requested?

**T**he MSLP generates reinstatement of financial aid eligibility letters on an academic year basis. Generally, each letter is valid through June 30 of the current academic year. Therefore, if a borrower has another enrollment period that begins after the expiration of the letter, a new letter must be requested. The MSLP will start processing 2000-01 requests in June.

In order to maintain reinstatement of financial aid eligibility, the borrower must have continued to make consecutive monthly payments since the initial period of reinstatement. If the borrower missed a payment or made a payment late, the borrower loses eligibility for financial aid reinstatement.

## If a borrower loses reinstatement of financial aid eligibility, what are the borrower's options to obtain student financial assistance?

**T**he borrower has one immediate option: pay the loan in full. Other options include consolidating the defaulted loans or completing loan rehabilitation. (See the related article on the Missouri Loan Rehabilitation Program on page 6 of this newsletter.)



### For Your Convenience

An information box indicating subject matter accompanies each article in this newsletter. This box also contains an identifiable icon, the name of the article's contact person (where applicable), his or her phone number and e-mail user ID. The formula for e-mail addresses at MOSTARS and the Missouri Department of Higher Education is as follows:

**USER ID?cbhe400@admin.mocbhe.gov**

Remember, you also can contact the MOSTARS Information Center at  
(800) 473-6757 or (573) 751-3940.

## MOSTARS Offers New Default Aversion, Prevention Services

**M**OSTARS is pleased to introduce Student Loan Counseling Service as its newest partner in preventing student loan defaults. Upon receiving a lender's request for assistance, SLCS will begin counseling borrowers who are at least 60 days delinquent in their student loan payments. The services offered by SLCS replace the preclaims assistance and supplemental preclaims assistance services previously provided to lenders.

The company's sole purpose is to perform default aversion and prevention services for student loan borrowers.

SLCS's innovative counseling methods are designed to bring delinquent borrowers current in their payments and to keep them from experiencing the consequences of default.

SLCS began providing counseling services to Missouri borrowers in February. MOSTARS and SLCS are looking forward to serving our lender, servicer and institutional partners in minimizing future student loan defaults.

For additional information on SLCS and its services, contact Scott Blanchard, SLCS's chief operating officer, at (888) 282-0150. Scott also will speak at the annual MOSTARS 2000 Default Prevention and Debt Management Conference. (See the tentative agenda on page 4). ★

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**FFEL  
Program**

# USDE Offers Reauthorization Training Workshops

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**FFEL  
Program**

The U.S. Department of Education will offer reauthorization training workshops in the Region VII area on March 14 and May 2 at the U.S. Department of Education Regional Training Facility, 7505 Tiffany Spring Parkway, Kansas City, MO 64153.

Additional training sessions may be added. Any additional training sessions will be posted on the Information for Financial Aid Professionals web site at [www.ifap.ed.gov](http://www.ifap.ed.gov).

Topics to be discussed include changes to student eligibility, the return of Title IV funds and the Master Promissory Note. Sessions are expected to begin at 9 a.m. and end no later than 5 p.m.

There is no charge to attend the workshops; however, participants need to arrange and pay for their

transportation, meals and lodging. At the training session, attendees will receive copies of the Participant's Guide, so bring a 1-1/2 inch, three-ring binder and a calculator to work case-study exercises.

You may register to attend one of the above workshops through the on-line training registration at the IFAP web site. Follow the on-line instructions, and be prepared to give your e-mail address when you register. If the session you wish to attend is full, you will be prompted to select another session. You will receive an e-mail confirmation of your registration, date and site selected, as well as maps, directions and hotel information in the area where the session is being held. ★

## 2000 Default Prevention and Debt Management Conference Holiday Inn Select – Columbia Tentative Agenda

### Wednesday, April 26

9:30 – 10:30 a.m.	Registration
10:30 – 10:45 a.m.	Welcome
10:45 a.m. – Noon	General Session (MaryIn McAdam, McA Enterprises, Washington Default Update)
Noon – 2 p.m.	Lunch — Speaker (Profiling a Defaulted Borrower)
2 – 3 p.m.	Breakout Session (Default Prevention Consultants)
	Breakout Session (Dr. Craig Israelson, University of Missouri- Columbia, Counseling Students about Debt and Budgeting)
3 – 3:30 p.m.	Break
3:30 – 4:30 p.m.	Breakout Session (Cathy Mueller, Mapping Your Future, Default Prevention and Debt Management Initiatives)
	Breakout Session (Repeat — Counseling Students about Debt and Budgeting)
5:45 p.m.	Buffet Dinner (Casual)

### Thursday, April 27

7 – 8 a.m.	Buffet Breakfast
8 – 9 a.m.	General Session (Default Aversion — Scott Blanchard, Student Loan Counseling Service, Default Aversion)
9 – 10 a.m.	Breakout Session (Repeat — Default Prevention Consultants)
	Breakout Session (Training for Postsecondary Institutions)
10 – 10:30 a.m.	Break
10:30 – 11:30 a.m.	General Session (U.S. Department of Education staff)
11:30 a.m.	Lunch with Closing Remarks



# A+ Schools Program Opens New Doors to Higher Education

**T**he A+ Schools Program is a school-improvement initiative established by the Outstanding Schools Act of 1993. The program is raising academic standards, opening new doors to higher education and introducing students to the teaching profession through tutoring and mentoring activities.

The program provides incentives for local high schools to reduce dropout rates, raise academic expectations, eliminate "general track" courses, provide career pathway information for all students and work more closely with business and higher education leaders.

The key goal of A+ schools is to ensure that all students, when they graduate, are well prepared to pursue advanced education, employment or both.

Since 1994, 183 Missouri high schools have received A+ schools start-up grants. Participating schools may receive state funds of up to \$150,000 annually for up to three years. Grants are awarded on the basis of competitive applications.

Grant funds have allowed high schools to upgrade technology, purchase state-of-the-art lab equipment, adopt new teaching styles and offer new "hands-on" courses.

The State Board of Education approves high schools for A+ status once they have met the program requirements. In most cases, schools spend three years implementing the program by upgrading curriculum, reducing dropout rates, recruiting students into the program and establishing business advisory committees. It is not necessary for a

school to receive an A+ grant to gain designation.

Students who graduate from a designated A+ school may qualify for state financial incentives (tuition, books and fees) to attend any Missouri public community college or postsecondary vocational-technical school. Students must meet the following requirements to be eligible for the financial incentives:

1. Attend a designated A+ school for three consecutive years prior to graduation
2. Have a grade point average of 2.5 or higher on a 4.0 scale
3. Have at least a 95 percent attendance record
4. Perform 50 hours of unpaid tutoring
5. Maintain a record of good citizenship and avoid the unlawful use of drugs
6. Attend a Missouri community college or postsecondary vocational school full time and maintain a GPA of 2.5 or higher

Missouri's A+ schools program is a win-win situation for schools, students and communities. The program encourages students to stay in school, make career plans, tutor other students and graduate with the skills and knowledge required for career success or further education.

For additional information, contact the Missouri Department of Elementary and Secondary Education at (573) 751-3500. ★

## MOSTARS News

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## Information for Financial Aid Professionals: Web Site Has New Look

**I**nformation for Financial Aid Professionals provides financial assistance news and publications to the financial aid community. This web site, maintained by the U.S. Department of Education Customer Support Branch, is now more user friendly. If you haven't visited the IFAP web site at [www.ifap.ed.gov](http://www.ifap.ed.gov) recently, you might not recognize the site.

Some of the changes include a scrolling text bar to inform customers of "hot topics." The entire homepage was streamlined to make it easier to locate information needed, and a "What's New" section was added. Users may use the new search feature to search publications for a particular topic. Users who register at "Member Services," a link at the bottom of the homepage, will receive a weekly electronic mail message advising them of the latest postings to the IFAP web site.

Questions regarding IFAP or problems encountered using the web site should be directed to the Customer Support Branch at (800) 433-7327 or by e-mail at [osfap\\_csb@ed.gov](mailto:osfap_csb@ed.gov). ★

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**FFEL  
Program**

# MSLP Removes Reject Code 33

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**FFEL  
Program**

In 1991, the Missouri Student Loan Program implemented Reject Code 33, often referred to as the "two maximum loans per grade level" edit. This edit monitored the borrower's outstanding loans per grade level and caused new loan applications to reject if the borrower had exceeded the grade level maximum award amount times two. For example:

$$\$2,625 + \$4,000 = \$6,625 \times 2 = \$13,250$$

If a borrower had already borrowed \$13,250 through the MSLP at grade level one and applied for another loan, the new loan would reject.

While attempting to remove "specialty" edits that are not the industry standard, the MSLP decided to remove this reject code. The edit was removed effective Feb. 11.

The change does not detract from the school's responsibility to ensure the borrower has not exceeded the annual or aggregate loan limits. Schools MUST track students' loan limits. Loan applications must have several key elements exactly the same as a guaranteed loan in order to reject due to a duplicate loan. Therefore, not every duplicate loan for the same loan period that is submitted for guarantee reject, especially if the school certification date has changed. Regarding aggregate loan limits, the MSLP edits track the \$46,000 total aggregate limit for undergraduates but do NOT track the borrower's \$23,000 aggregate subsidized limit.

If you have further questions regarding reject codes or loan limits, contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. ★

# Missouri Loan Rehabilitation Program Update

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**FFEL  
Program**

The Missouri Loan Rehabilitation Program has rehabilitated more than \$23 million in defaulted student loans since the first rehabilitation cycle in August 1989. The Missouri School Loan Program has progressed from two cycles a year to the current process of one every other month. In 1999, the total number of rehabilitated borrowers was 655, and the rehabilitation loan volume was \$3.5 million.

In order to qualify for rehabilitation, the borrower must make at least 12 full, on-time, consecutive, voluntary, monthly payments of the payment amount that would pay the loan in full within 10 years. Payments must be received within 15 days of the payment due date. If the borrower is unable to make the full 10-year payment, the borrower may submit

financial documentation to the MSLP in order to document a reasonable and affordable monthly payment. Borrowers should not cease making monthly payments upon the 12th payment. Payments must be continued until the borrower is notified that the rehabilitation is complete.

Upon qualifying for a rehabilitation cycle, the eligible borrowers are sent a rehabilitation consent letter that must be signed and returned within the specified time period. Once the consent letter is received and the cycle is completed MOHELA purchases the rehabilitated loans. The benefits of loan rehabilitation include the removal of the loan from default status, restoration of borrower privileges such as deferments and forbearances, eligibility for state and

federal student financial assistance and the removal of the MSLP default entry from the borrower's credit bureau report.

MOSTARS has the "Good News for Defaulted Borrowers" brochure available to distribute to defaulted borrowers who need additional information regarding rehabilitation, reinstatement of financial aid eligibility or the Federal Consolidation Loan Program.

If you have questions regarding loan rehabilitation or would like to request the "Good News for Defaulted Borrowers" brochure, contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. ★

# Eligible Lender List Changes

**C**lients who use the Missouri Student Loan Program Combined Eligible Lender List should make note of the following changes. New lists are printed upon request, so your list may already have these changes. Refer to the effective date of the changes and compare them to the date listed at the lower left corner of your list to determine whether or not you should pencil in these changes.

## Participation Lists

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**To request an MSLP Combined Eligible Lender List, call the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940.**

**For more information, refer to the August 1998 issue of "FFELPfacts." You also can view a sample of the list in the October 1998 issue of "MOSTARS."**

**The list also is available on the MOSTARS web site at [www.mocbhe.gov/mostars/Indrlist.pdf](http://www.mocbhe.gov/mostars/Indrlist.pdf). ★**

## Removed

**Citizens Bank & Trust Co. c/o MOHELA, OE 813975-00 & -50**  
Removed Jan. 14, 2000

**Roosevelt Bank - Federal Savings Bank, OE 831891-00**  
Removed Jan. 19, 2000

# ATOM Implements MPN Procedural Change

**W**ith peak application processing and the second year of the Master Promissory Note beginning soon, ATOM implemented a procedural change this month that will ease administrative burden for ATOM lenders and help further streamline the ATOM disbursement process.

Effective March 1, lenders participating in ATOM were no longer required to submit Promissory Note Verification transactions (CLIPS Transaction No. 16 for lenders and lender servicers) for Serial MPN loans. Previously, ATOM lenders were required to submit this transaction for all ATOM loans in order for these loans to be processed for disbursement to the school. The Missouri Student Loan Program still requires lenders to have a valid MPN or common application on

file for each loan disbursed and lenders still will be required to process Promissory Note Verification transactions on loans designated as new MPN loans in their guarantee files. The Notice of Guarantee and the School Notice of Guarantee will have a New or Serial designation printed on these as well to further help lenders and schools with the MPN process.

A fax was sent to all ATOM lenders on Feb. 7 explaining this change. Contact Keith Broadus, senior associate-technology, at (573) 526-0876 if you have any questions. ★

## ATOM News

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## Fond Farewell



**K**ara Horstman, ATOM coordinator, left MOSTARS in February. She will spend her time taking care of her two sons, 8-month-old Landon and 3-year-old Luke, and doing other activities, such as gardening.

Kara joined MOSTARS as a client service representative in 1994 and was able to experience the "birth and growth" of ATOM.

"I will miss the daily life of MOSTARS and ATOM," Kara said. "I feel like I have achieved much and have grown professionally since my first day here."

Kara said she will miss not only her job but also the people she has worked with during the past five-and-a-half years.

"I have gained so many valuable friendships that have carried on outside of the agency," Kara said. "I have had so many good influences in this agency."

Kara's last day with MOSTARS was Feb. 29.

Best wishes, Kara! We'll miss you! ★

# 2000-01 State Student Financial Assistance Program Application Process Begins

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**State Student  
Assistance  
Program News**

**N**ext year's state operating budget currently is being developed by the 2000 Missouri General Assembly. As a result, MOSTARS is moving forward with the 2000-01 application process for all state student financial assistance programs administered by MOSTARS. As a reminder, the application deadline for all state programs, with the exception of the "Bright Flight" Scholarship Program, is April 1, 2000.

In March, MOSTARS initiated the 2000-01 application process for the two major need-based state student financial assistance programs: the Charles Gallagher Student Financial Assistance Program and the Missouri College Guarantee Program. This process includes providing output in the form of electronic files and rosters that indicate the student's eligibility status and estimated program awards. Like last year, the electronic files will be provided every two weeks and rosters will be sent to institutions once a month. The application process will continue until the Gallagher Program annual need cutoff is determined at the end of July. At that time, final awards will be determined for both programs.

The 2000-01 Advantage Missouri Program application materials and the designated academic program inventories were mailed to all participating postsecondary institutions the end of February. This allowed MOSTARS staff to begin approving and notifying students and institutions of 2000-01 awards in March. The Advantage Missouri application process will continue until all funds have been awarded for the 2000-01 academic year.

In February, the 2000-01 Ross Barnett Memorial Scholarship Program materials were mailed to participating institutions. This program continues to be a vital program because it is the only state program available to eligible students who are employed and enrolled part time. MOSTARS encourages institutions to identify and contact potentially eligible students.

The 2000-01 application process for the "Bright Flight" scholarship program began in January and will continue through the July 31, 2000, application deadline.

If you have questions, contact Rhonda Elliott, student assistant associate, at (573) 526-5716. ★

The Missouri Department of Higher Education makes every effort to provide program accessibility to all citizens without regard to disability. If you require this publication in an alternate form, contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. Hearing/speech impaired can call (800) 735-2966.

**Coordinating Board for Higher Education  
3515 Amazonas Drive  
Jefferson City, MO 65109**

**FIRST CLASS**

MOSTARS, a division of the Coordinating Board for Higher Education, publishes this newsletter to inform Missouri's financial aid community of current issues concerning the Missouri Student Loan Program and the Missouri Grant and Scholarship Programs.

Dr. Ray Henry .....CBHE Chairman

Dr. Kala M. Stroup.....Commissioner  
of Higher Education

Karen Misjak .....MOSTARS Director